

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 691 - SB 1521**

March 16, 2009

**SUMMARY OF BILL:** Requires the Tennessee Housing Development Agency (THDA) to establish a program to help employers develop an employer assisted housing development program and an employer assisted housing fund. The bill requires THDA, subject to appropriations, to contribute monetary payments to employers who participate in the program, and establishes tax credits from the franchise and excise (F&E) tax in tax years beginning on or after January 1, 2010, available to employers who participate. Any tax credit not used may be carried forward for five immediately succeeding tax years.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$148,500/One-Time  
\$10,087,100/Recurring**

**Decrease State Revenue - \$7,000,000/FY10-11 and Subsequent  
Years**

**Assumptions:**

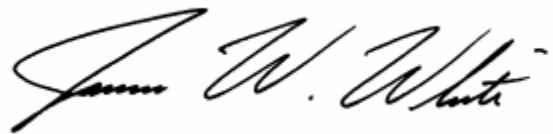
- The new franchise tax credit created by the bill is capped at an amount not to exceed \$5,000,000 annually.
- The new excise tax credit created by the bill is capped at an amount not to exceed \$2,000,000 annually.
- The maximum credit from F&E taxes that could be achieved annually and result in a revenue loss is estimated to be \$7,000,000.
- Since employers are required to participate in the program for one year before being allowed the tax credit, the revenue loss is not expected to occur until FY2011 and subsequent years.
- Monetary payments granted to participating employers are capped at an amount not to exceed \$10,000,000 annually and are subject to appropriations.
- ITR in the Department of Revenue estimates a one-time software modification cost of \$141,000 (3,750 hours) to carry out the requirements of the bill.

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- THDA estimates that one position and related costs will be required to administer the program. The cost to establish one position is estimated to be recurring state expenditures of approximately \$87,100 (\$65,000 salary and \$22,100 benefits) and one-time state expenditures of approximately \$7,500 for a computer, furniture, and miscellaneous office expenses.
- Any cost to promulgate rules and regulations is estimated to be not significant.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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